



## FEATURED OPTIONS RADAR REPORT



### Bull Extends Bet on Chinese EV Maker with Tech Edge

**Ticker/Price:** XPEV (\$46.90)

#### Analysis:

**Xpeng (XPEV)** with 3,500 April \$50 calls bought on 11/2 \$6.20 to \$6.25 as the January \$45 calls roll up and out, nice bull flag forming under \$50. XPEV has seen bullish flow since mid-October with buyers in size across the January 2023 \$45 calls, December \$45 and \$50 calls, and January 2024 \$60 calls. A move above \$50 has room to run to \$55-\$60 from early 2021 as it works further out of a wide range. XPEV rallied sharply in late 2020 up to \$75. The \$40.6B company trades 22.5X sales and 8.8X cash. XPEV is one of the 'fab four' Chinese EV makers with a focus on the mid- and high end -market through their P7 while also developing inroads into the mass market with their P5, the first mass-produced LIDAR equipped smart EV. The company is tech-driven, more so than peers, and their XPILOT software for ADAS should be a tailwind for long-term margin growth and services as they expand into more subscription plans and features. XPEV has been slower to reach adoption than peers like Nio and Li Auto as they operate their own sales infrastructure and sell directly to customers but long-term the asset-light model should allow them to expand more quickly and more profitably. XPEV reported a strong October delivery figure, up 233% Y/Y, with strength in both the G3 and G3i smart SUVs, a monthly record since the G3's launch in December 2018. Analysts have an average target for shares of \$53.50 with a Street High \$70. Bernstein starting at Outperform with a \$56 PT on 10/28 seeing EVs as the future of Chinese autos and XPEV a potential leader in China's BEV market that has so far been largely untapped. The firm sees XPEV with the potential to build significant brand equity among tech savvy Chinese consumers. Short interest is 2.9%. Hedge fund ownership fell 30% last quarter but Light Street Capital a notable buyer of 1.35M shares.

#### Hawk Vision:



**Hawk's Perspective:** XPEV sets up well for a continuation higher out of this wide range and continue to see the Chinese EV market a major opportunity over the next 5-10 years

**Confidence Ranking:** \$\$